

SACT News

Supplemental Annuity Collective Trust of New Jersey

<http://www.state.nj.us/treasury/pensions/fact35.htm>



Winter 2003

Division of Pensions and Benefits

Tel. (609) 633-2031

Investment Summary – December 31, 2002

This newsletter includes a copy of the Supplemental Annuity Collective Trust's investment summary statement. This statement, which has been updated as of December 2003, describes investment objectives, risks and other information for the Trust's investment option. This information should help you decide if the Trust's investment option meets your investment goals.

Investment Objective

The Supplemental Annuity Collective Trust (the "Trust") seeks long-term growth of capital consistent with the ownership of equity securities. Investment income is a secondary investment objective.

Principal Investment Strategy

The Trust invests primarily in a broad range of equity securities in order to achieve its objective of long-term growth of capital. The Trust's investments may include common stocks, preferred stocks, and convertible securities. The Trust may only purchase securities listed on a United States exchange (i.e., it may not purchase securities listed on the NASDAQ or other "over the counter" markets). The Trust may also invest up to 35 percent in money market securities (i.e., fixed income investments which mature in one year or less).

In choosing individual securities, the Trust invests in a combination of growth and value stocks and seeks to provide a diversified portfolio. Using fundamental research, the portfolio manager seeks stocks with dominant positions in major product lines, sustained earnings growth and strong financial conditions.

Main Risks

While equity securities have historically increased in value over the long-term, they do fluctuate in price and may experience prolonged periods of price depreciation. The value of your investment in the Trust may fluctuate, which means that you could lose money.

Investment Manager

The Trust is managed by the State of New Jersey, Department of the Treasury, Division of Investment

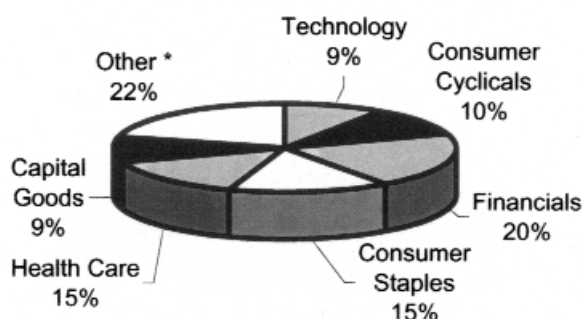
(continued on page 2)

Other Trust Information (as of December 31, 2002)

Total Market Value of Assets: \$115,534,346

Number of Individual Issues: 157

Trust Portfolio by Sector



*Includes: Communication Services; Energy; Basic Materials; Utilities and Transportation

Top Ten Positions

Issuer	% of Portfolio
Citigroup Inc.	4.2
Exxon Mobil Corp.	3.7
General Electric Co.	3.3
American International Group	2.6
Intl Business Machines Corp.	2.4
Merck & Co.	2.3
Wal-Mart Stores Inc.	2.2
Coca-Cola Co.	1.9
Verizon Communications	1.9
AOL Time Warner Inc.	1.9

Supplemental Annuity Collective Trust of New Jersey (SACT)

Comparative Fund Performance Information as of December 31, 2002* *(unless otherwise noted)*

Fund	Calendar Quarter ^(e)	Past 12 Months ^(e)	Year End. 12/31/01	Year End. 12/31/00	Year End. 12/31/99	Year End. 12/31/98	Past 5 Years as of 12/31/02 ^(a)	Past 10 Years as of 12/31/02 ^(a)
SACT Stock Portfolio	6.9%	-24.0%	-8.9%	-5.2%	17.8%	24.5%	-0.7%	8.2%
Indices—								
S&P 500 Index	8.4%	-22.1%	-11.9%	-9.1%	21.1%	28.6%	-0.6%	9.3%
Equity Approved List # / SAFAL ‡	8.2%	-21.6%	-12.1%	-12.1%	25.8%	27.9%	-0.5%	9.4%

Notes:

The Supplemental Annuity Collective Trust's access to the Equities Market. These are securities approved by the State Investment Council that meet established criteria.

‡ Between 1988 and April 1994 the Supplemental Annuity Collective Trust only had access to listed common stocks on the South Africa Free Approved List (SAFAL). Over the counter (OTC) common stocks on the SAFAL were not permitted. As of the calendar quarter ended December 1994, the SAFAL reverted to the Equity Approved List following the April 1994 repeal of the South Africa Divestiture Law.

(a) Annualized Rate (e) Estimated

The S&P 500 Index is provided for information only since the fund does not have access to the entire list of companies.

We cannot guarantee future fund performance. This information is provided so you may compare the performance of the Trust's investment fund with corresponding indices. These may be used for comparison to the market sector represented by these indices. An investment in the Trust's investment fund units involves risks, including possible loss of principal. The investment fund's units are not deposits or obligations of or guaranteed or endorsed by any bank, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other agency.

* Updated quarterly on the internet at <http://www.state.nj.us/treasury/pensions/sactperf.htm>



Investment Summary *(continued from page 1)*

(the "Division"). The Division currently manages approximately \$70.1 billion in investments for various New Jersey state pension plans and other entities.

Expenses

The Trust does not bear any management or administrative expenses. According to the original legislation which established the Trust, all such expenses are borne by the State of New Jersey.

This information is updated each calendar quarter and is posted to the Trust's web site at www.state.nj.us/treasury/pensions/fact35.htm. You will also be receiving updates periodically with your account statement.

This information is provided as part of a continuing series of articles devoted to helping you design your own retirement investment plan. The Supplemental Annuity Collective Trust of New Jersey and its staff are not permitted to give individualized investment advice. Therefore, this and any other investment information should only be used as a guide and not relied upon as expert advice. If you have any specific questions concerning how you should structure your own investments, it is recommended that you speak with a financial planner or other qualified financial professional.

Supplemental Annuity Collective Trust of New Jersey News

Division of Pensions and Benefits

This newsletter is published quarterly to provide news and information to members of the Supplemental Annuity Collective Trust of New Jersey. While every attempt at accuracy is made, it cannot be guaranteed. If you have questions or comments, please contact:

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